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TS#142335-a

CENTRAL INTELLIGENCE AGENCY  
OFFICE OF NATIONAL ESTIMATES

15 June 1961

DRAFT

MEMORANDUM FOR THE DIRECTOR

SUBJECT: Communist Intentions in Southeast Asia

A. Communist China and Laos

1. Chinese Communist interests are more directly involved in Laos than are those of the USSR. The Chinese have appeared to take an even more obdurate line on Laos, at Geneva and elsewhere, than has the USSR. However, the desire of the Chinese for an assertive Bloc course is probably largely satisfied by the militant and successful Communist course in Laos. We see no evidence that Communist unity and effectiveness regarding Laos are diminished by differences between Moscow and Peiping. We believe that the USSR, not China, is the principal architect of Bloc policy in Laos, with the DRV the principal executive agent, and that Bloc policy concerning Laos is fairly well coordinated.

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2. Communist China's role in the Laos war has apparently taken various forms. Ammunition from Chinese depots has been captured in Laos from Pathet Lao/Kong Le forces. Peiping, despite its virtually exhausted foreign exchange holdings, made nearly \$9 million available to the rebels in January. Foreign Minister Chen Yi pledged aid to Souvanna Phouma in February; on 25 April, a Chinese-Souvanna joint statement expressed the Laotian Government's (Souvanna's) thanks to the Chinese for "their generous and selfless assistance," indicated that Souvanna had agreed to diplomatic relations with Peiping, and stated his acceptance of a Chinese offer to build a road in Laos for his government.

Souvanna's commander in Phong Saly Province has paid a "friendly visit" to Chinese officials in Yunnan; a return Chinese visit is probable.

3. Meanwhile, the Chinese have made various "intervention" statements in recent months\* almost certainly meant to justify a major Chinese military role in Laos if such a course is later decided upon. In addition to this logistic, financial, and

\* These threats have been generally ambiguous and have been issued at times when the situation in Laos was such that there appeared little likelihood of their having to be carried out. Additionally, Peiping is tolerating situations, e.g., the remaining KMT irregulars in Burma-Laos, which it earlier said it would not.

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political support, the Chinese have probably committed a few military personnel to observer or advisory roles with PL/KL force in Laos.

*In the basis of available, we see no indications of*  
4. ~~We have no evidence to indicate~~ a general southward

deployment of Chinese military forces in China. We are aware of no augmentation of regularly-stationed Chinese ground forces in the southernmost provinces. Similarly, we are aware of no SCAF bomber units presently stationed within effective combat range of Laos, though redeployment to closer bases could of course quickly take place.\* CCAF-Soviet-North Vietnamese (DRV) air force relations are not clear. Soviet transport and helicopter aircraft are apparently being transferred to the DRV. We have no firm evidence that jet combat aircraft are being so transferred. ~~We~~ We doubt that the DRV could effectively operate such aircraft within the near future, ~~but~~ ~~it is possible that the~~ ~~Chinese might provide pilots~~

*Chinese might provide pilots*

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*for any a/c transferred  
to the DRV force.*

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5. We do not believe that Communist China's drastic food shortage will impel Peiping to invade Southeast Asia at an early date. The Chinese leaders almost certainly estimate that such action would result in military involvement with the US on a major scale. Apart from their own reluctance to run this risk, the USSR would almost certainly bring strong pressure on them to prevent such a course, partly because of the risks and partly because of the unfavorable effects for Bloc policy elsewhere. The Chinese would find no food surpluses in the DRV, itself currently experiencing severe grain shortages. In view of the possibility of protracted conflict, the Chinese Communists would have no assurance that they could quickly ship the rice surpluses of Burma, Thailand, Cambodia, and South Vietnam to China. In any event, these surpluses are now modest, certainly as compared to China's vast food needs, and it would take some time for Peiping to force greatly increased food production from these countries.

6. An overt invasion would be out of character with the *present* trend of Communist China's policies towards Southeast Asia. Despite occasional tough talk, Peiping has gone to great lengths to project the image of its "reasonableness" there, and to this

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end has pursued a fairly soft course in the past year or so especially towards Burma, Cambodia, and Indonesia. It is probable that Chinese leaders would consider that overt aggression in Southeast Asia would shatter this effort, greatly lessen Asian and African support for Peiping's world status aims, disrupt internal revolutionary movements and Sino-Soviet relations in the Southeast Asian countries, and perhaps drive India fully into the Western camp. Finally, we believe that Peiping's desperate economic situation is more likely ~~to discourage~~ *to encourage*, than to encourage, a major military adventure in Southeast Asia.

B. The DRV and Laos

7. In addition to clandestinely committing cadres, specialists, and certain military units to the war in Laos, the DRV appears to have been engaged in certain transport and military construction programs which will in time greatly increase its already considerable capabilities overtly to invade Laos or South Vietnam. However, this gradual build-up antedates the 1960-1961 hostilities in Laos, and appears to us to be a normal development of logistic, defensive, and offensive capabilities. We see no evidence to indicate an imminent shift from subversion

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and paramilitary activity to <sup>major military</sup> intervention in Laos or South Vietnam. In present circumstances, and especially in view of the progress of present DRV tactics in these countries, we consider such a shift unlikely.

C. The Communists and Geneva

8. The Communists almost certainly believe that they are in a commanding position at Geneva, because their preponderance of strength in the field grows daily and the possibility of US military intervention seems to them less and less likely. Thus, they believe that they can insist on a settlement at Geneva which will pave the way for a rapid take-over of Laos by political means. Every day that the Free World resists such a settlement at Geneva, the position of the Communist and pro-Communist forces in Laos is strengthened with more arms, aid, and consolidation of control. They are probably confident that if they cannot get what they want at the conference table they can seize control of Laos by military means before the Free World could launch a significant military counteraction.

9. The Communists almost certainly would finally accept a settlement involving a Souvanna Phouma government with NIHX

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representation, believing that such a government would serve to advance the Communist cause in Laos. Such a government might outwardly appear balanced and "neutral," but the Communists would almost certainly utilize their familiar tactics in an effort to exert indirect control without actually seizing control.

D. Bloc Reactions to US Military Intervention in Laos

10. If, in the absence of a firm Geneva Conference agreement on the future of Laos, US forces were introduced into Laos to keep the key Mekong River towns from falling to PL/KL military-subversive encroachment, the Bloc reaction would be strong. There would be an intense political and propaganda campaign, in the UN and world-wide, to brand the US an "aggressor." Additional DRV forces would be clandestinely introduced in Laos to stiffen PL/KL forces, and Communist-directed military operations would probably be intensified throughout the countryside of Laos in an effort to restrict RIG-US control of Laos to the Mekong towns. US supply and communications lines would probably be harrassed, Communist agents would probably attempt terrorist and sabotage activities within the Mekong towns, and it is possible that DRV forces might overtly occupy such towns as Sam Neua and Xieng Khouang.

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11. We believe, however, that DRV forces would not attempt to drive the US troops from the Mekong towns. If the US forces were assigned a broader military mission in Laos, direct engagement with overt DRV forces would probably result. Also, as a consequence of the US expended mission, the Chinese Communists might introduce troops into Laos, claiming that the US action constituted a threat to China. However, we doubt that they would do so unless US military actions appeared to threaten the Communist stake in Laos.

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